



Teza Capital Management LLC

Form ADV Part 2A: Firm Brochure

March 31, 2017

ITEM 1. COVER PAGE

This brochure provides information about the qualifications and business practices of Teza Capital Management LLC. If you have any questions about the contents of this brochure, please contact the General Counsel at (312) 768-1643. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Teza Capital Management LLC is registered with the SEC as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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ITEM 2. MATERIAL CHANGES

This section is intended to describe only specific material changes made to this brochure since the last annual update as of March 29, 2016. Since that update, this brochure has been revised to reflect: (i) Teza Capital's management of the Proprietary Vehicle (each, as defined below), including updates to the disclosures in Items 4, 7, 8, 10 and 11; (ii) other updates and revisions to risk factors in Item 8, including the addition of a risk factor relating to a new third-party services agreement; (iii) the withdrawal of an affiliate's registration as a broker-dealer, and, accordingly, the removal of the reference to such affiliate in Item 10; (iv) the potential aggregation of futures orders on behalf of the Funds (as defined below), as described in Item 12; and (v) updates to Teza Capital's proxy voting policy, as described in Item 17.

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ITEM 4. ADVISORY BUSINESS

Teza Capital Management LLC (“Teza Capital”) was formed in March 2014 and commenced investment adviser operations in or about October 2014. Teza Services LLC (“Teza Services”) is the sole owner of Teza Capital.

Teza Capital provides investment advisory services on a discretionary basis to private pooled investment vehicles organized as domestic or foreign private investment vehicles. Currently Teza Capital serves as the investment manager to various private pooled investment vehicles (each a “Fund” and collectively “Funds”) in “master-feeder” structures whereby the “Feeder Funds” invest all or substantially all of their assets in the applicable “Master Funds.”

Teza Capital uses a scientific and process-oriented approach to analyzing market information and risk metrics. At a high level, the scientific method involves the iterative loop of theory, experiment and analysis. More specifically, this scientific and process-oriented approach may include the testing and backtesting of hypotheses about relevant market factors, signals and statistical techniques, proposed models, algorithms and risk management methodologies, and proposed execution protocols, among other factors. The strategies and models ultimately derived from this process-oriented and test-driven approach are expected to trade based on the price of the underlying instruments as well as on other fundamental (non-price) and proprietary quantitative signals. These signals are weighted by a proprietary optimizer designed to obtain the optimal portfolio of strategies and balance of risk.

The Funds trade primarily in (i) the futures markets (the “Futures Funds”) or (ii) the equities and futures markets (the “Multi-Strategy Funds”). The Funds trade primarily in the U.S., Europe and Asia, but may trade any asset in any global market. Please see Item 8 for a more detailed description of Teza Capital’s investment strategies, including a description of the strategies implemented on behalf of the Futures Funds and the Multi-Strategy Funds.

Teza Capital manages the Funds in accordance with the investment objectives, strategies, restrictions, and guidelines set forth in their confidential offering documents and does not tailor investment decisions to any particular Fund investor (each, an “Investor”). Investors invest through one of the Feeder Funds and have no opportunity to select or evaluate any Master Fund investments or strategies, although the Feeder Funds may in the future offer different classes of shares or interests that participate in different combinations of the Master Funds’ respective investment strategies. Teza Capital selects all Master Fund investments and strategies. As Teza Capital does not provide individualized advice to Investors, Investors should consider whether a Fund meets their investment objectives and risk tolerance prior to investing. Information about each Fund can be found in its confidential offering documents.

Teza Capital also serves as the investment manager to a proprietary investment vehicle (the “Proprietary Vehicle”) and, in this capacity, implements certain strategies that were previously implemented by Teza Group LLC (“Teza Group”) and its affiliates (collectively, “Teza”). The Proprietary Vehicle is not currently offered to unaffiliated investors, although Teza Capital may determine to offer the Proprietary Vehicle to unaffiliated investors in the future.

As of December 31, 2016, Teza Capital had approximately \$947,649,839 in regulatory assets under management. All assets are managed on a discretionary basis.

ITEM 5. FEES AND COMPENSATION

Teza Capital and its affiliates receive compensation from the Funds comprised of a fee based on a percentage of assets under management and performance-based compensation in the form of an incentive allocation from each Master Fund to Teza Capital or an affiliate. The management fee is paid by each Master Fund monthly in arrears. The incentive allocation is based on realized and unrealized gains and is allocated yearly or upon an Investor's withdrawal of capital, subject to a loss carryforward. Teza Capital's fee schedule is omitted because this brochure is only being delivered to qualified purchasers, as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"), and the rules thereunder. Teza Capital, in its sole discretion, may reduce, waive or calculate differently the management fee or incentive allocation with respect to one or more Investors (including Teza Capital's principals, affiliates and employees). The management fee and incentive allocation are deducted directly from each Master Fund.

Other Fees and Expenses: Teza Capital and its affiliates bear all of their separate expenses arising out of their services to the Funds, including all of their general overhead expenses (including the rent of their offices, compensation and benefits of their administrative staff, maintenance of their books and records, and their fixed expenses, telephones and general purpose office equipment), but are not responsible for any expenses of the Funds. In particular, each Fund bears all of its own operating and investment expenses including, but not limited to: (i) offering expenses associated with each offering; (ii) all costs and expenses associated with negotiating and entering into contracts and arrangements in the ordinary course of business; (iii) costs related to (A) data feeds, software and databases, including the costs of computer terminals, telecommunications and other networking equipment and services, data charges and other services and equipment used primarily for investment monitoring, execution and pricing or for other Fund services, such as accounting and (B) research and investment reports, studies and analyses prepared by third parties and conference and meeting costs, including travel, relating to specific companies, industries, markets, strategies or general economic or political matters; (iv) the cost of computer services; (v) all expenses paid to third party vendors associated with internal accounting, order management and risk management systems; (vi) all expenses related to the investment of the Fund's capital (*i.e.*, expenses reasonably determined to be directly related to the investment of the Fund's assets, including, without limitation, the expenses of consultants and experts, brokerage commissions, custodial charges, expenses related to short sales, clearing and settlement charges, bank service fees, spreads, interest expenses, borrowing charges, short dividends and other investment expenses, commissions, markups and markdowns, transfer, capital, costs associated with belonging to any investment network and other taxes, duties and costs and interest expense, trade processing and reconciliation expenses, as well as all expenses related to the cash management activities of the Fund); (vii) data processing costs and expenses; (viii) ongoing sales and administration expenses (including the fees and expenses of any third-party administrator); (ix) the fees and expenses of the Fund's directors, if applicable; (x) risk monitoring expenses; (xi) costs and expenses of entering into and utilizing credit facilities and structured notes, swaps or derivative instruments; (xii) costs and expenses of valuation agents; (xiii) conflicts advisory board fees and expenses; (xiv) all costs of communication with the Investors (including, without limitation, the costs associated with preparing reports to the Investors); (xv) the costs and expenses of any meetings of the Investors; (xvi) costs and expenses related to any exchange memberships held by the Fund, and all related expenses, including any legal or other third party fees incurred in

obtaining or maintaining such memberships; (xvii) insurance expense, indemnifications, costs of litigation and other extraordinary expenses; (xviii) all legal, tax preparation, accounting, bookkeeping, auditing, consultant, appraisal and any other professional fees and expenses (including the fees and expenses of counsel for Teza Capital as well as expenses incurred in the preparation and filing of Forms PF and CPO-PQR and any other similar regulatory filing); (xix) ERISA bonding costs, if applicable and (xx) for a Feeder Fund, its *pro rata* share of the applicable Master Fund's organizational, operating and investment expenses (including fees of such Master Fund's directors).

Please see Item 12 for a more detailed description of Teza Capital's brokerage practices.

The Funds will incur brokerage and other transaction costs.

Investors should refer to the applicable offering memorandum for a more comprehensive description of fees and compensation.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Teza Capital and its affiliates receive performance-based compensation in the form of an incentive allocation equal to a percentage of net profits (including both realized and unrealized gains and losses), allocable to each Investor's capital account or series of shares, as applicable, paid at the Master Fund level, subject to a loss carryforward.

The ability of Teza Capital and its affiliates to earn performance-based compensation aligns the interests of Teza Capital and the Funds in some ways, but the arrangement also poses a potential conflict of interest in that Teza Capital may have an incentive to invest the Funds' capital more speculatively than it would in the absence of such performance-based compensation in an effort to generate outsized returns.

ITEM 7. TYPES OF CLIENTS

Teza Capital provides investment advice exclusively to the Funds and the Proprietary Vehicle. In order to invest in the Funds, Investors must satisfy certain eligibility and suitability requirements which are described in more detail in the relevant Feeder Fund's confidential offering documents. The Proprietary Vehicle is not currently offered to investors unaffiliated with Teza Capital.

The minimum initial and subsequent investments in the Feeder Funds are \$5,000,000 and \$1,000,000, respectively, subject to Teza Capital's determination to accept a lesser amount.

Teza Capital may in the future provide investment advice to different types of clients with different objectives, different offering terms, higher or lower fees and/or a different structure than the Funds. Teza Capital may also determine to offer the Proprietary Vehicle to unaffiliated investors in the future.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies. The investment objective of the Futures Funds is to achieve superior risk-adjusted returns through algorithmic trading. In respect of the Futures Funds, Teza Capital employs its fully automated, algorithmic trading system to utilize robust quantitative asset pricing models that aim to capture profitable opportunities across global financial markets.

The investment objective of the Multi-Strategy Funds is to achieve superior risk-adjusted returns through the use of quantitatively-informed trading strategies. Teza Capital intends to implement quantitative-based algorithmic trading strategies with respect to equities and futures contracts on behalf of the Multi-Strategy Funds, including, but not limited to, “statistical arbitrage” strategies. Teza Capital may employ additional strategies in the future on behalf of the Multi-Strategy Funds, including strategies which are not entirely systematic (*i.e.*, not fully computer-driven) on behalf of one or more Multi-Strategy Funds. While certain of these quantitative but not systematic strategies may involve more investment discretion than a typical “black box” strategy, each strategy employed on behalf of any such Multi-Strategy Fund will be developed and monitored pursuant to Teza Capital’s scientific and process-oriented approach and will be quantitative.

The overall investment approach for each Fund is generally a blend of numerous independently developed strategies that combine to achieve a desired balance of reward and risk. The balance of strategies and scale will vary at Teza Capital’s discretion, but is generally determined based on the scientific and financial approaches summarized herein. The Futures Funds trade primarily in the futures markets and the Multi-Strategy Funds trade primarily in the equities and futures markets. The Funds trade primarily in the U.S., Europe and Asia, but may trade any asset in any global market, including Australia, Canada and Central and South America, as well as other emerging markets. Teza Capital’s research efforts are designed to identify inefficiencies and other investment opportunities in global markets. As a result, the Funds will trade in the markets so indicated, which may include emerging markets.

The Futures Funds may also trade currencies, securities, options and commodities, and the Multi-Strategy Funds may also trade currencies, options and commodities. Holding periods for the strategies under consideration will vary, including but not limited to periods that are expected to range from minutes to quarterly.

There are no material policy restrictions on the particular types of strategies or instruments in which the Funds may engage or invest; however, Teza Capital intends to employ (i) fully automated, algorithmic trading strategies on behalf of the Futures Funds and (ii) quantitatively-informed trading strategies on behalf of the Multi-Strategy Funds, although Teza Capital may in the future add strategies to one or more Multi-Strategy Funds that are not entirely systematic. The Feeder Funds intend to achieve their investment objectives by investing all or substantially all of their assets into the applicable Master Fund. There can be no assurance that any Fund’s objective will be achieved, that market exposure will be limited or that substantial losses will not be incurred.

Material, Significant or Unusual Risks Relating to Investment Strategies: The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all of the risks involved in an investment in a Fund. The order in which the risk

factors are discussed and the length of each discussion do not indicate a priority or relative importance among the various risk factors. Investors should refer to the applicable offering memorandum for a more comprehensive description of the various risks. Investing in securities involves risk of loss that clients should be prepared to bear. All of the investment strategies employed by Teza Capital involve the risk of loss that investors should be prepared to bear. There is high risk associated with an investment in a Fund, and an investment in a Fund should only be made after consultation with independent qualified sources of investment and tax advice. The following risks are involved with an investment in a Fund. The following risks also apply to a Fund's investment in the applicable Master Fund, and should be deemed to include investments by such Master Fund and such Master Fund's positions and investment strategies and risks inherent thereto, unless the context requires otherwise.

General Investment and Business Risks

Potential Loss of Investment. An investment in the Funds involves a high degree of risk. The Funds cannot assure any Investor that the investment objective of a given Fund will be achieved or that such Investor will not lose all of such Investor's investment in the given Fund. Alternative investment strategies — such as Teza Capital's strategies — are subject to a "risk of ruin" to which traditional, unleveraged, long-only strategies are not. The use of leverage not only increases the risk of loss but also makes a strategy dependent on the willingness of brokers and dealers to continue to extend credit. From time to time in the past, alternative investment strategies which had been consistently profitable for a matter of years have incurred sudden and total losses in a matter of days.

Highly Volatile Markets. The prices of numerous instruments traded by the Funds have been subject to periods of excessive volatility in the past, and such periods can be expected to recur. Price movements are influenced by many unpredictable factors.

Although volatility can create profit opportunities for the Funds, it can also create the specific risk that historical or theoretical pricing relationships will be disrupted, causing Teza Capital's models to cease to function properly, which may result in losses.

The financial markets experienced increased volatility in 2008–2010, which may recur in the future. On the other hand, in 2012 the equity markets experienced unusually low volatility, causing many arbitrage and similar strategies (which focus on profiting from the mispricings created in part by market volatility) to incur major losses. Given Teza Capital's algorithmic strategies, both high and low volatility markets present risks to the profitability of the Funds.

General Economic and Financial Conditions. The success of any investment activity is influenced by general economic and financial conditions that may affect the level and volatility of equity prices, interest rates and the extent and timing of investor participation in the markets for both equity and interest rate sensitive securities. Unexpected volatility, illiquidity, governmental action, currency devaluation or other events in the global markets in which the Funds may directly or indirectly hold positions could impair the Funds' ability to carry out its business and could cause the Funds to incur substantial losses. Such conditions may make it difficult for any strategy to make a profit or avoid losses.

Political Uncertainty. Some of the results of recent elections and referenda in the United States, the United Kingdom, Italy and other developed market countries have been unexpected and resulted in material market changes and increases in market uncertainty. Given recent changes in administrations and applicable law following these votes, the future of current regulations, or the adoption of new regulations, is also uncertain. These uncertainties may have adverse impacts on, or alternatively create investment opportunities for, certain of Teza Capital's strategies.

Trading Strategy Risks

Long/Short Equity Strategies. Teza Capital generally focuses a substantial portion of the Multi-Strategy Funds' assets in long and short positions in the equity securities of public companies in various industries. The success of the long/short investment strategy depends upon Teza Capital's ability to identify and purchase financial instruments that are undervalued and identify and sell short financial instruments that are overvalued. The identification of investment opportunities in the implementation of Teza Capital's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying such Funds' positions were to fail to converge toward, or were to diverge further from, values expected by Teza Capital, such Funds may incur substantial losses. In the event of market disruptions, significant losses can be incurred which may force a Multi-Strategy Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with Teza Capital's long/short strategies may become outdated and inaccurate as market conditions change.

Global Macro Strategies. Teza Capital uses a global macro approach to the Multi-Strategy Funds, which it will implement among various strategies, in its discretion, and this approach is subject to certain risks. Global macro approaches generally utilize analysis of macroeconomic and financial conditions to develop views on country, regional or broader economic themes. Global macro approaches are generally based on predicted medium- to long-term commodity and currency price movements. In certain market conditions, Teza Capital may have significantly reduced likelihood of being able to capitalize on price movements. For example, in "whipsaw" markets in which price trends appear to develop, but then frequently reverse, a number of global macro strategies are likely to be unprofitable. Furthermore, global macro trading in general is highly leveraged, and the global macro markets are periodically subject to major disruptions. The global macro markets are risk transfer markets in which speculators provide the liquidity necessary for physical market participants to hedge their price risk with respect to the assets with which their businesses are involved. The regulation of these markets is typically significantly less extensive than the regulation of the securities markets, and certain markets limit the ability of speculative trading vehicles such as the Multi-Strategy Funds to participate.

Relative Value Strategies. The Multi-Strategy Funds may pursue certain relative value strategies, taking highly leveraged long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived valuations underlying such Funds' trading positions were to fail to converge toward, or were to diverge further from, Teza Capital's expectations, such Funds could incur substantial losses. Market disruptions and uncertainty can also cause substantial losses if relative value positions are forced to be prematurely terminated due to severe price changes. Due to the leverage that may be required to give relative

value positions a profit potential generally consistent with the Multi-Strategy Funds' investment objectives, such Funds may be subject in any relative value trading to the risk of "credit squeezes."

Statistical Arbitrage Strategies. The Multi-Strategy Funds may utilize "statistical arbitrage" strategies, and the success of these strategies depends on the market values of various financial instruments moving towards their theoretical values as predicted by statistical modeling. In the event of market disruptions generally or specific events that cause deviations from historical relationships between certain financial instruments and other instruments or data points used to predict value, significant losses could be incurred. Arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified, reduced or eliminated by other market participants. While the Models (as defined below) are used to build a given Multi-Strategy Fund's portfolio, it is possible that other statistical arbitrage hedge funds' own distinct, proprietary models will generate very similar portfolios, so that buying and selling by the Multi-Strategy Funds will coincide with buying and selling activities by such other funds. This circumstance could produce exaggerated movements in the prices of the stocks in the portfolio that were not anticipated by the Models, resulting in losses to the Multi-Strategy Funds.

Event-Driven Strategies. Teza Capital may in the future utilize event-driven strategies on behalf of the Multi-Strategy Funds. Event-driven strategies involve investing in opportunities created by transactional events, such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks, as well as merger arbitrage strategies — that is, investing in the securities of publicly-traded companies involved in prospective mergers or corporate combinations, acquisitions, cash tender offers, exchange offers or corporate recapitalizations, with the intent to profit from the difference between the price of such securities at the inception of the investment and the price of such securities in expectation of or upon actual consummation of particular events.

Fundamental Strategies. Teza Capital may utilize fundamental analysis with respect to the Multi-Strategy Funds' investment strategies. Fundamental analysis — which is based on the theory that market mispricings exist because market prices do not accurately incorporate all knowable economic and other relevant data — is subject to the risk of inaccurate or incomplete market information, as well as the difficulty of predicting future prices based upon analysis of all known information. Investments made based upon fundamental analysis are subject to significant losses when market sentiment leads to investment instruments' market prices being materially discounted from the expected prices indicated by fundamental analysis (as in the case of "flights to quality" when the demand for certain risky investment instruments plummets) or when technical factors, such as price momentum encouraged by trend following, dominate the market.

Hybrid Strategies; No Limitations on Strategies. Teza Capital's approach may combine a range of different trading techniques, implementing different strategies in different markets as well as combining different strategies, in the same or related markets. Notwithstanding the descriptions of certain strategies included herein, there are no limitations on the investment strategies which Teza Capital may use when investing assets on behalf of the Multi-Strategy Funds. Teza Capital will opportunistically implement whatever strategies or discretionary approaches Teza Capital believes from time to time may be best suited to prevailing market conditions. Over time, the strategies implemented on behalf of the Multi-Strategy Funds can be expected to expand, evolve and change, perhaps materially. Teza Capital will not be required to implement any particular

strategies and may discontinue employing any particular strategy on behalf of the Multi-Strategy Funds, whether or not such strategies are specifically described herein or in the applicable confidential offering documents. There can be no assurance that the various investment strategies which Teza Capital expects from time to time to develop and implement for the Multi-Strategy Funds will be successful or that strategies that have been successful will continue to be profitable.

Evolving Strategies; New Strategies. Teza Capital intends to develop new investment strategies and implement them on behalf of certain Funds. In such instances, Teza Capital may allocate one or more Fund's capital to develop and incubate new strategies, even if Teza Capital has limited experience in such strategies. Following such development and incubation, Teza Capital may determine that such strategies are appropriate for other Funds. There can be no assurance that Teza Capital will be successful in implementing the strategies which it may from time to time develop and implement for a Fund, or that a Fund will not suffer losses during the development or incubation stage of a strategy. Further, other Funds may later participate in such newly developed strategies without having borne the risks associated with their initial development and incubation.

Changes in Trading Method. Teza Capital may modify its trading method without approval by or notice to Investors. Modifications may include changes in or substitution of technical trading systems, risk control models, money management principles and markets traded and introduction of non-technical factors and methods of analysis and additional non-traditional technical systems and methods of analysis. The trading systems to be utilized by Teza Capital are proprietary and confidential.

Model Risk. Many of Teza Capital's strategies are highly dependent on quantitatively-based pricing theories and valuation models that generally have not been independently tested or otherwise reviewed ("Models"), which Teza Capital uses to evaluate trading opportunities.

Risks Related to Model Development. Teza Capital's Models employ assumptions that abstract a limited number of variables from complex financial markets, instruments or other information sources which they attempt to replicate. Any one or all of these assumptions, whether or not supported by past experience, could prove over time to be incorrect. For example, Models may postulate, or their efficacy may depend upon, assumptions regarding the existence of relationships that appear to hold true or in fact held true in the past but that may not exist or hold true in the future. Teza Capital may emphasize the importance of certain variables in its Models which ultimately are unimportant in predicting future market behavior, or may neglect to incorporate other variables which are determinative. The risk that Teza Capital may incorrectly analyze and interpret these complex systems in creating its Models arise both from human error (*e.g.*, the designers of the Models using incorrect variables or assigning incorrect importance to the correct variable) as well as systems error (*e.g.*, the computers and other hardware used to create the Models may incorrectly interpret data). These risks persist even after the Models are implemented—for example, a portfolio manager may assign incorrect input sensitivity to the variables or the computers running the Models may be unable to analyze large amounts of data in real time and therefore may miss trading opportunities. These risks are compounded by the iterative nature of the Models.

Risks Related to Model Inputs. Inputs into various Models may be composed of or derived from data, the accuracy of which have not been independently verified by Teza Capital or any third

party. In particular, if material factors are not incorporated into Models, or are incorporated inaccurately, substantial losses could result.

Inputs to the Models may be incorrect due to exogenous market factors (*e.g.*, unexpected terrorist events) or the actions of other market participants. For example, other quantitative traders may take actions designed to manipulate market data or trading patterns. This “gaming” of the market may cause errors in Teza Capital’s Models or may cause them to lose money. See “Technical Analysis and Trading Systems,” below.

The risk of incorrect inputs is present not only when a properly designed Model is presented with incorrect inputs, but also when a Model is designed using incorrect inputs, in which case it will not function correctly when later presented with correct, unmanipulated inputs.

Risks Related to Model Outputs. The outputs of Models may differ substantially from the reality of the markets, resulting in major losses. This may occur due to a variety of reasons, including incorrect design of the Models, unexpected or unnatural market behavior, “gaming” by other market participants or failure of Teza Capital’s computer systems.

Additionally, there is no assurance that Teza Capital has appropriately incorporated the Models into its strategies.

Teza Capital anticipates the continued modification, enhancement and development of Models. Each new generation of Models (including incremental improvements to current Models) exposes the Funds to the possibility of unforeseen losses from a variety of factors, including conceptual and implementation failures.

Technical Analysis and Trading Systems. Teza Capital employs technical analysis and/or technical trading systems. Technical strategies rely on information intrinsic to the market itself to determine trades, such as prices, price patterns, momentum, volume and volatility. As discussed above, these strategies can incur major losses when factors exogenous to the markets themselves, including political events, natural catastrophes, acts of war or terrorism, dominate the markets.

Teza Capital’s Models and trading strategies are particularly sensitive to exogenous market factors. If Teza Capital detects that unexpected factors are affecting the markets or that another market participant is “gaming” the market or attempting to create unusual or unnatural market patterns, Teza Capital may stop trading of the related Models, potentially causing the Funds to miss profit opportunities or even lose money. See “Discretionary Aspects of Teza Capital’s Strategies,” below.

Market Disruptions. The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. In the case of the Funds, the risk of loss from pricing distortions is compounded by the fact that the Models are developed on certain assumptions, and it is impossible to predict all types of market disruptions that might occur. Even though Teza Capital applies “stress tests” in developing the Models, there is no guarantee that another type of market event not previously anticipated will not occur, or even that the Model will react as designed to an anticipated market event. Further, the financing available to the Funds from their banks, dealers and other counterparties is typically

reduced in disrupted markets. Any market disruption or other extraordinary event could result in material or total losses to the Funds.

Increased Use of Trend-Following and Counter-Trend Strategies. Trading strategies that employ trend-following timing signals and strategies that employ counter-trend techniques have increased in use in recent years. With respect to trend-following strategies, while the precise effect of such increase cannot be determined, such increase could alter trading patterns or affect trade execution to the detriment of the Funds. As to counter-trend strategies, or other strategies that attempt to profit from the wide use of trend-following strategies by running stop points or otherwise, their effect is even harder to determine but such increase could also alter trading patterns to the detriment of the Funds.

Lack of Market Liquidity. The widespread use of technical trading systems frequently results in numerous managers' attempting to execute similar trades at or about the same time, altering trading patterns and affecting market liquidity. Teza Capital's Models are highly dependent on sufficient market liquidity, and in the event the Models are unable to execute all or a portion of the indicated trades the Funds may suffer losses.

Quantitative Trading. Teza Capital engages in quantitative trading. Quantitative trading strategies are highly complex, and, for their successful application, require relatively sophisticated mathematical calculations and relatively complex computer programs. Many quantitative trading programs anticipate that many of their trades may be unprofitable, seeking to achieve overall profitability through recognizing major profits on a limited number of positions while cutting losing positions quickly. These trading strategies are dependent upon various computer and telecommunications technologies and upon adequate liquidity in the markets traded. The successful execution of these strategies could be severely compromised by, among other things, a diminution in the liquidity of the markets traded, telecommunications failures, power loss and software-related "system crashes." There are also periods when even an otherwise highly successful system incurs major losses due to external factors dominating the market, such as natural catastrophes and political interventions. Transaction costs incurred by quantitative trading strategies may be significant. In addition, the difference between the expected price of a trade and the price at which a trade is executed, or "slippage," may be significant and may result in losses.

Due to the nature of their trading, quantitative trading firms may suffer devastating losses in a very short period of time. A trading software mistake by Teza Capital could result in material or even total losses to a Fund.

Discretionary Aspects of Teza Capital's Strategies. Although Teza Capital generally applies highly systematic strategies and research methodologies, these strategies retain certain discretionary aspects, and it may utilize discretionary strategies in the future with respect to one or more Multi-Strategy Funds. In particular, Teza Capital personnel discretion is used throughout the research, creation and implementation of the Models, for example in interpreting data, choosing signals and ranking their importance. See "*Risks Related to Model Development*," above. In addition, decisions to adjust the sensitivity of a Model to certain inputs, adjust the size of positions indicated by the systematic strategies, which equities (if applicable), options, futures and forward contracts to trade and method of order entry, may require judgmental input from Teza Capital's personnel. Although the Models are, in large part, wholly-systematic once they are

operational, discretionary decision-making by Teza Capital during their research, creation and implementation may ultimately result in the Models making unprofitable trades.

Teza Capital's Models may be turned "on or off," meaning that Teza Capital may elect not to trade when it feels like exogenous market factors, rather than intrinsic market factors, are determining trading patterns and prices. In addition, Teza Capital may cause the Funds not to trade even on days when the relevant markets are open in the event it determines it cannot accurately assess prices. This decision not to trade may potentially cause the Funds to miss profit opportunities or even lose money.

Failure of Algorithms. Teza Capital will utilize sophisticated computerized models to automatically determine and execute trade entry and exit conditions and manage risk. Teza Capital makes efforts to test management and software releases to ensure that these algorithms operate correctly. However, it is possible that a defect in algorithm design or implementation or risk management could unexpectedly manifest and cause sustained long-term or virtually instantaneous catastrophic losses for the Funds. See "Model Risk," above.

Risk Management Systems. The Funds' risk management techniques and strategies may not fully mitigate the Funds' risk exposure in all economic or market environments, or against all types of risk, including risks that Teza Capital might fail to identify or anticipate. Any failures in Teza Capital's risk management techniques and strategies to accurately quantify such risk exposure could limit Teza Capital's ability to manage risks in the Funds or to seek positive, risk-adjusted returns. In addition, any risk management failures could cause Fund losses to be significantly greater than the historical measures predict.

Discretionary Trading. Although Teza Capital intends to employ quantitative, algorithmic trading strategies on behalf of the Multi-Strategy Funds, it may in the future employ strategies on behalf of one or more Multi-Strategy Funds that are not fully systematic and may involve more investment discretion than a typical "black box" strategy. Discretionary strategies are subject to the risk of the subjective judgment and performance of the individual implementing such strategies. For example, Teza Capital's personnel may allow emotion to affect their trading decisions. Discretionary strategies may be less disciplined and less consistent than more systematic approaches.

Reliance on Corporate Management and Financial Reporting. Equity markets rely on the financial information made available by the issuers in which the Funds invest. Teza Capital may have no ability to independently verify the financial information disseminated by the issuers in which the Funds invest and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general. Recent events have demonstrated the material losses that investors such as the Funds can incur as a result of corporate mismanagement, fraud and accounting irregularities.

Diversification. There are no absolute diversification or concentration constraints on the Funds. If the Funds' portfolio becomes relatively concentrated, the value of an investment in the Funds may be subject to greater volatility and may be more susceptible to any single economic, political or regulatory occurrence or the fortunes of a single company or industry than would be the case if

the Funds' investments were more diversified. On the other hand, a given Fund's portfolio may be diversified across a vast number of issuers and industries, in which case profits may be diluted.

Turnover. The Funds are not restricted in effecting transactions by any limitation with regard to its portfolio turnover rate. In light of the Funds' investment objectives and policies, it is likely that the Funds' portfolio turnover rate will be substantial, resulting in significant brokerage commissions and fees.

Other Trading Strategies. The Funds may employ strategies for which no specific "risk factors" are provided. Nevertheless, such strategies should be considered to be speculative, volatile and, in general, no less risky than other strategies more fully described herein.

Broad Discretion of Teza Capital; Potential Lack of Diversification. There are no restrictions on the investment discretion of Teza Capital other than as set forth above. Accordingly, the Funds are not restricted from investing a large portion of its assets in any one sector or investment.

Credit and Capital Risks

Operating Below Required Minimum Capitalization. Teza Capital may require a minimum level of capital to fully implement a Fund's investment strategies. Should a Fund's net asset value fall below this minimum level, Teza Capital's full investment strategy and all trading strategies thereon may not be fully implemented. As a result, a Fund may not be able to generate profits and may experience substantial losses because of its inability to implement the full trading strategy. In addition, the allocation of expenses over a smaller capital base would make such Fund's continued operations less cost-effective.

Leverage. The low margin deposits normally required in futures and forward trading permit an extremely high degree of leverage. The Futures Funds may frequently hold positions with a gross value several times in excess of their net assets. Consequently, even a slight movement in the prices of its open positions could result in significant losses.

Further, the Multi-Strategy Funds generally use substantial leverage in implementing their investment strategies. Such Funds may, in the sole discretion of Teza Capital, leverage their investment positions by borrowing funds from securities broker-dealers, banks or others, including pursuant to repurchase arrangements and/or deferred purchase agreements. Leverage may also take the form of, without limitation, any of the securities described herein, including derivative instruments which are inherently leveraged and trading in products with embedded leverage such as options, swaps and forwards. While leverage potentially creates the opportunity to participate in greater returns or achieve more diversification associated with greater exposure, it also creates exposure to potential increased losses. Leverage increases both the possibilities for profit and the risk of loss, and the volatility of an investment in such Funds may be significantly greater than would otherwise be the case without leverage. Any event which adversely affects the value of an investment by a Multi-Strategy Fund would be magnified to the extent that such Fund is leveraged. Borrowings will typically be secured by the securities and other assets held by the applicable Fund. Under certain circumstances, a lender may demand an increase in the collateral that secures a Fund's obligations and if such Fund were unable to provide additional collateral, the lender could liquidate assets held in the account to satisfy the Fund's obligations. Liquidation in that manner

could have extremely adverse consequences. Further, termination of any leverage facility entered into by a Fund by the facility provider may adversely impair such Fund's ability to meet its investment objective.

The leverage used by the Multi-Strategy Funds will be subject to the risk that changes in the general level of interest rates may adversely affect expenses and operating results. Interest rates will typically be affected by economic factors including, without limitation, inflation, lending rates established by central banks or similar governmental agencies, availability of credit, liquidity in the markets, and the pace of economic growth. The amount of the Multi-Strategy Funds' borrowings and the interest rates on those borrowings, which will fluctuate, may have a significant effect on such Funds' profitability.

In general, the Multi-Strategy Funds' use of short-term margin borrowings may result in certain additional risks. For example, should the securities pledged to brokers to secure a portfolio's margin accounts decline in value, the portfolio could be subject to a "margin call," pursuant to which the portfolio must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the portfolio's assets, the portfolio might not be able to liquidate assets quickly enough to pay off its margin debt.

Fluctuating Leverage. There will be periods of time in which the actual leverage for a Fund does not match the intended leverage ratio set by Teza Capital, as each Fund's trading level will fluctuate as profits or losses have been generated by the Fund.

Possibility of Increased Margin Calls. The low margin deposits normally required in futures and forward trading permit an extremely high degree of leverage. The assets of a Fund may be traded at a trading level that is substantially greater than the Fund's gross asset value. This difference in trading level as compared to actual assets substantially increases the leverage inherent in the positions taken by such Fund, positions that are already highly leveraged because of the high degree of leverage available for futures contracts and other contracts in which such Fund will trade. As a result, the clearing brokers can be expected to initiate a call for additional margin much sooner than if the Fund were trading at lower leverage.

Financing Arrangements; Availability of Credit. The use of leverage is integral to many of the Funds' strategies, and the Funds depend on the availability of credit to finance their portfolios. As a general matter, the dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Funds to liquidate all or part of their portfolios at disadvantageous prices.

In 2008-2009, banks and dealers substantially curtailed financing activities and increased collateral requirements, forcing many investors to liquidate positions. Such “credit squeezes” can be expected to recur. There can be no assurance that any Fund will be able to obtain adequate financing to pursue its investment program and achieve its objectives.

Inflation. There has been an unusually low rate of inflation in the United States and most other developed economies for some time. At the same time, the central governments have been injecting unprecedented amounts of financial stimulus into these economies — historically a recurring cause of serious inflation. Were significant inflation to occur, the effect on Teza Capital’s Models could be materially adverse.

Trading Technology Risks

Possible Effects of Technical Trading Systems. There has been, in recent years, a substantial increase in interest in technical trading systems similar to Teza Capital’s systems. As the capital under the management of such trading systems based on the same general principles increases, an increasing number of traders may attempt to initiate or liquidate substantial positions at or about the same time as the Funds, or otherwise alter historical trading patterns or affect the execution of trades, to the significant detriment of the Funds.

Reliance on Technology and Electronic Trading. Teza Capital relies heavily on computer hardware and software, online services and other computer-related or electronic technology and equipment to facilitate the Funds’ investment activities. Specifically, the Funds may trade financial instruments through electronic trading or order routing systems, which differ from traditional open outcry pit trading and manual order routing methods. Such electronic trading exposes the Funds to risks associated with system or component failure, which could render Teza Capital unable to enter new orders, execute existing orders or modify or cancel previously entered orders. System or component failure may also result in loss of orders or order priority. Should events beyond Teza Capital’s control cause a disruption in the operation of any technology or equipment, the Funds’ investment program may be severely impaired, causing them to experience substantial losses or other adverse effects.

Cybersecurity Risk. Teza Capital, the Funds and their service providers, counterparties and electronic communication networks are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Teza Capital’s hardware and software systems are subject to threats from hackers and others, such as a malicious attack, malware or other event that leads to unanticipated interruption or malfunction of such systems. Any interruption of Teza Capital’s hardware or software functionality could lead to material or even complete losses to the Funds. Hackers could also theoretically access and steal Teza Capital’s research, Models, trading programs or other software or data and implement such programs or software on their own behalf. This could lead to increased competition for, or elimination of, the investment opportunities sought by the Funds or otherwise render the Models obsolete, possibly resulting in material or complete losses to the Funds. The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic

analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose Teza Capital and the Funds to civil liability as well as regulatory inquiry and/or action. In addition, Investors could be exposed to additional losses as a result of unauthorized use of their personal information. While Teza Capital and its affiliates have established business continuity plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified.

Failure of Connectivity. Teza Capital's Models may trade frequently and may depend on low latency to be profitable. As a result, the success of Teza Capital's Models depends on network connectivity to a much greater extent than most private fund managers. A material disruption or failure of Teza Capital's network connectivity could result in substantial or total losses to the Funds.

Co-Location. Teza Capital intends to locate (commonly known as "co-location") certain of its computer systems at or near exchanges in order to reduce the time it takes to execute orders. In addition to the general risks applicable to hardware and software (see below), co-location adds certain additional risks. Among other risks, Teza Capital personnel may not be able to readily repair malfunctioning or failed hardware, Teza Capital is dependent on others to maintain the physical co-location space, including electrical and network connections, and such arrangements may be subject to additional regulation in the future.

Computer Hardware and Software. Many components of Teza Capital's critical computer hardware and software may have flaws, may not be redundant, may be leased rather than owned, or may be provided in whole or in part by another party. Should these components fail or be inaccessible, there is no certainty that Teza Capital will be able to recover promptly and the Funds may suffer material or total losses as a result.

Product and Instrument-Specific Risks

Futures Contracts. The Funds buy and sell futures contracts, including futures contracts on equity indices. Trading in futures involves significant risks, including volatility, high leverage, illiquidity and high transaction costs. The use of futures is a highly specialized activity which involves investment strategies and risks different from those associated with ordinary portfolio securities transactions, and there can be no guarantee that their use will increase the Funds' returns or not cause the Funds to sustain large losses. If Teza Capital applies a strategy at an inappropriate time or judges market conditions or trends incorrectly, futures strategies may lower the Funds' returns or cause substantial losses. A Fund could also experience losses if the values of its futures positions were poorly correlated with its other positions, if applicable, or if such Fund could not close out its positions because of an illiquid market. In addition, a Fund could incur high transaction costs, including trading commissions, in connection with their futures transactions and these transactions could significantly increase a Fund's investment turnover rate.

Futures prices can be highly volatile. Because of the low margin deposits normally required in futures trading, an extremely high degree of leverage is typical. As a result, a relatively small price

movement in a futures contract may result in substantial losses. Like other leveraged investments, a futures transaction may result in losses in excess of the amount invested. Price movements of futures contracts are influenced by numerous factors outside of the control or predictive ability of Teza Capital, including, among other things, changing supply and demand relationships, government trade programs and policies, and national and international political and economic events.

Futures Trading Is Highly Leveraged. The low initial margin deposits normally required in futures contract trading (typically between 2% and 15% of the value of the contract purchased or sold) permit an extremely high degree of leverage. Accordingly, a relatively small price movement may result in immediate and substantial losses to the Funds. Like other leveraged investments, any trade may result in losses in excess of the amount invested. Although the use of leverage can substantially improve the return on invested capital, its use also will increase any adverse impact to which the investment portfolios of the Funds may be subject.

Futures and Forward Contract Trading Is Volatile. Trading in the futures and forward markets, as well as spot currency markets, typically results in volatile performance. Several occasions in the recent past have witnessed sudden and major reversals in these markets, resulting in major losses for traders.

Certain Special Considerations Related to Forward and Spot Trading. The United States Commodity Futures Trading Commission (“CFTC”), National Futures Association (“NFA”), futures exchanges or banking authorities may not regulate or only regulate strictly limited aspects of the inter-bank currency markets and trading in these markets. Because a principal portion of the Funds’ currency forward and spot trading takes place in these markets, prospective investors must recognize that much of the Funds’ activity takes place in lightly regulated markets rather than on futures exchanges or through “retail” foreign exchange markets that are subject to more rigorous regulation of the CFTC or other regulatory bodies, and the responsibility for performing under a particular transaction rests solely with the counterparties to such transaction, not with any exchange or clearinghouse. This results in the risk that a counterparty may not settle a transaction with the Fund in accordance with its terms, because the counterparty is either unwilling or unable to do so (for example, because of a credit or liquidity problem affecting the counterparty), potentially resulting in significant loss. In addition, counterparties generally have the right to terminate trades under a number of circumstances including, for example, declines in the Funds’ net assets and certain “key person” events. Any premature termination of the Funds’ currency forward trades could result in material losses for the Fund, as the Fund may be unable to quickly re-establish those trades and may only be able to do so at disadvantageous prices. Fund assets on deposit with the currency forward and spot counterparties with which a given Fund trades are not protected by the same segregation requirements imposed on CFTC regulated commodity brokers in respect of customer funds deposited with them. Although the Funds deal only with major financial institutions as currency forward and spot counterparties, the insolvency or bankruptcy of a currency forward or spot counterparty could subject the Funds to the loss of their entire deposit with such counterparty. The forward and spot markets are well established. However, it is impossible to predict how, given certain unusual market scenarios, the evolving regulatory environment for these markets might affect the Funds, and the events underlying the bankruptcies of certain futures brokers have underscored, amongst other things, the risks of maintaining capital at unregulated entities.

Furthermore, the inter-bank currency markets may in the future become subject to increased regulation under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”), a development which may entail increased costs and result in burdensome reporting requirements. The imposition of credit controls by governmental authorities or the implementation of regulations pursuant to Dodd-Frank might limit such forward trading to less than that which Teza Capital would otherwise recommend, to the possible detriment of the Funds.

Trading in Options. Teza Capital may trade futures and forward options on behalf of the Funds. Although successful options trading requires many of the same skills as successful futures and forward trading, the risks involved are somewhat different. For example, the assessment of near-term market volatility — which is directly reflected in the price of outstanding options — can be of much greater significance in trading options than it is in many long-term futures strategies. The use of options can be extremely expensive if market volatility is incorrectly predicted. A purchaser of options is exposed to the risk of loss of the entire premium paid; a seller, or writer, of call options is exposed to the risk of theoretically unlimited loss, and the seller of put options is exposed to the risk of substantial loss far in excess of the premium received.

Possible Effects of Speculative Position Limits and Liquidity of Markets. The CFTC and United States exchanges have established limits referred to as “position limits” on the maximum net long or net short speculative futures position which any person may hold or control in particular futures contracts. Generally, banks and dealers do not impose such limits with respect to forward contracts in currencies. All futures accounts managed by Teza Capital and its affiliates are likely to be combined for position limit purposes. With respect to trading in futures contracts subject to position limits (for example, corn, wheat, cotton, soybeans, soybean meal, soybean oil, crude oil and any other markets that may become subject to position limits in the future), Teza Capital may reduce the size of the positions which would otherwise be taken for a Fund to avoid exceeding the limits. In October 2011, the CFTC adopted position limits for 28 so-called “exempt” (e.g., metal and energy contracts) and agricultural commodity derivatives, futures and option contracts and their economically equivalent swaps. Position limits in spot months are generally set at 25% of the official estimated deliverable supply of the underlying commodity, while position limits related to non-spot months are generally set at 10% of open interest in the first 25,000 contracts and 2.5% of the open interest thereafter. All accounts controlled by Teza Capital, including the account of a Fund, are combined for speculative position limit purposes. These proposed speculative position limits were vacated by a United States District Court, but the CFTC is in the process of attempting to re-adopt position limits rules. It is not clear when such rules may be finalized. If the CFTC is successful in its attempts to re-adopt the rules, the counterparties with which the Funds deal may further limit the size or duration of positions available to the Funds. The Funds could be required to liquidate positions they hold in order to comply with such limits, or may not be able to fully implement trading instructions generated by their trading models, in order to comply with such limits. Any such liquidation or limited implementation could result in substantial costs to the Funds.

Options on Futures and Commodities. A large number of options on futures contracts and physical commodities have been approved for trading on and off exchanges. Each such option is a right, purchased for a certain price, to either buy or sell the underlying futures contract or physical commodity during a certain period of time for a fixed price. Such trading involves risks substantially similar to those involved in trading futures and forward contracts in that options are

speculative and highly leveraged. Specific market movements of the instruments underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option, the strike price of the option and the price of the instrument underlying the option which the writer must purchase or deliver upon exercise of the option.

Options. Teza Capital makes use of listed options. Options trading is highly specialized and is subject to risks that are in addition to the risks generally associated with trading derivatives instruments. If a Fund purchases a put or a call option, it may lose the entire premium paid, and will profit only if it is able to liquidate or exercise the option for a return in excess of the premium paid and any transaction costs. In the case of an option on a future, certain exchanges in some jurisdictions permit deferred payment of the option premium, further leveraging the option's inherent leverage and exposing the purchaser to liability for margin payments (not exceeding the amount of the premium). If a Fund writes or sells a put or call option, its loss is potentially unlimited. The premium received by a Fund as an option writer is fixed, but the Fund must post margin to secure its position and may sustain a loss well in excess of the premium amount it received for writing the option. For example, the seller of an uncovered call option is subject to the risk that the price of the underlying security will increase, thereby subjecting the seller to significant losses. If the option is "covered" by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. Option prices tend to decline over time as options near their exercise dates. This "time decay" must be offset by other factors, such as increased volatility, or options positions will decline in value. As short sales are often used by options market makers to hedge risks with respect to using and/or selling options, bans on short sales may have an unpredictable effect on the options markets making it difficult or uneconomical to buy or sell options.

Equities. The Multi-Strategy Funds' investment portfolios include equity and equity-related securities. Investments in equities involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Multi-Strategy Funds may invest. The Multi-Strategy Funds' directional equity positions may be leveraged, and even comparatively minor adverse market movements can result in substantial losses.

Numerous factors, including market sentiment, the activities and financial condition of individual companies, the business market in which individual companies compete and industry market conditions and general economic environments, among others, influence the value of equities. For example, beginning in September 2008, world financial markets experienced extraordinary market conditions resulting in extreme volatility in the global equity markets. The particular or general types of market conditions in which the Multi-Strategy Funds may incur losses or experience unexpected performance volatility cannot be predicted, and the Multi-Strategy Funds may materially underperform other investment funds with a substantially similar investment objective and approaches.

The Multi-Strategy Funds may take both long and short positions in equities and such Funds' profit potential may be generally diminished during market cycles in which there is a sustained decline in equity price levels.

Short Sales. The Multi-Strategy Funds may make short sales in any type of securities for profit in anticipation of a change in the market price of a financial instrument or as a hedge against other positions held by such Funds. A short sale of a security is subject to materially greater restrictions than, for example, short sales of commodities or currencies. A short sale of a security is effected by selling a security that a Fund does not own, or selling a security which a Fund owns but that it does not deliver upon consummation of the sale. In order to make delivery to the buyer of a security sold short, the applicable Fund must borrow the security. In so doing, it incurs the obligation to replace that security, whatever its price may be, at the time it is required to re-deliver such asset to the lender. The applicable Fund must also pay to the lender of the security any dividends or interest payable on the security during the borrowing period and may have to pay a premium to borrow the security. This obligation must, unless the given Fund then owns or has the right to obtain, without payment, securities identical to those sold short, be collateralized by a deposit of cash or marketable securities with the lender. Short-selling is subject to a theoretically unlimited risk of loss because there is no limit on how much the price of a security may appreciate before the short position is closed out. There can be no assurance that the securities necessary to cover the short position will be available for purchase by the Fund. In addition, purchasing securities to close out the short position can itself cause the price of the relevant securities to rise further, thereby increasing any loss incurred by the Fund. Furthermore, a Fund may be forced to close out a short position prematurely if a counterparty from which such Fund borrowed securities demands their return, resulting in a loss on what might otherwise have been a profitable position. Under adverse market conditions, a Fund might have difficulty purchasing securities to meet its short sale delivery obligations, and might have to sell portfolio securities to raise the capital necessary to meet its short sale obligations at a time when fundamental investment considerations would not favor such sales.

The SEC adopted a new "uptick rule" in 2010 and securities exchanges have also reinstated "uptick rules" — generally prohibiting short sales unless the last recorded sale price of a stock was higher than the previous transaction. Over time, the "uptick rule" could materially increase the Multi-Strategy Funds' transaction costs by requiring Teza Capital to delay executing certain short sales (as well as to execute them at higher prices than would otherwise be the case), and in certain circumstances could prevent such Funds from acquiring a short position which Teza Capital would otherwise have acquired for them.

Non-U.S. Securities and Currencies. The Funds may invest certain of their assets in securities of non-U.S. issuers and securities denominated in non-U.S. currencies and related derivative and currency contracts, or other contracts, such as futures contracts. Non-U.S. investments pose a range of potential economic, political, and legal risks that may not exist in the United States. The economies of individual countries may differ with respect to growth of gross domestic product or gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position. Each country has different standards of regulation with respect to matters such as government approval requirements, as well as insider trading rules, restrictions on market manipulation, shareholder proxy requirements, and timely disclosure of information. Reporting, accounting and auditing standards of different countries vary, and little information

may be available to investors in securities or other assets of such issuers. Other potential risks that could have an adverse effect on investments include (depending on the country involved) nationalization, expropriation, confiscatory taxation, negative diplomatic developments, and other governmental actions that make it difficult or impossible to liquidate assets and distribute proceeds. The laws of various countries governing business organizations, bankruptcy, and insolvency may make legal action difficult and provide little, if any, legal protection for investors. The securities markets in many foreign countries may be significantly less developed than the securities markets in the United States.

The U.S. Dollar value of portfolio securities of non-U.S. issuers fluctuates with changes in market and economic conditions outside the United States and with changes in relative currency values. In addition, the Funds are exposed to the risk of counterparty default on currency forward contracts.

Risks Related to Trading in Non-U.S. Markets

Trading on Exchanges Outside the United States. Teza Capital trades on exchanges outside the United States on behalf of the Funds. Trading on such exchanges is not regulated by any United States government agency and may involve certain risks not applicable to trading on United States exchanges. Trading on foreign exchanges may involve the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums, exchange or investment controls and political or diplomatic disruptions, each of which might materially adversely affect the Funds' trading activities. In trading on foreign exchanges, the Funds are also subject to the risk of changes in the exchange rates between the United States dollar and the currencies in which the foreign contracts are settled. The Funds also may not have the same access to certain trades as do various other participants in non-U.S. markets.

Trading on Futures Exchanges Outside the United States. Teza Capital may trade on futures exchanges outside the United States on behalf of the Funds. Some non-U.S. futures exchanges, in contrast to United States exchanges, are "principals' markets" similar to the forward markets in which performance is the responsibility only of the individual member with whom the applicable Fund has entered into a futures contract and not of any exchange or clearing corporation. In such cases, the Fund will be subject to the risk of the inability or refusal to perform with respect to the individual member with whom the Fund has entered into a futures contract. The Funds also may not have the same access to certain trades as do various other participants in non-U.S. markets.

Emerging Market Investing. The Funds may invest a portion of their assets in equity and debt securities and related instruments in emerging markets. The value of emerging market instruments may be drastically affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on the Funds, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments. The economies of many of the emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many emerging market country economies have a high dependence on a small group of markets or even a single market. Emerging market countries tend to have periods of high inflation and high interest

rates as well as substantial volatility in interest rates. The value of emerging market debt can be expected to be extremely sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer. Emerging market debt issuers and their obligations are not generally rated by any credit rating agency, and a significant proportion of such issuers and obligations would likely fall in the lowest rating category if they were rated.

Recent European Union (“E.U.”) Market Developments and Brexit. Global markets and economic conditions have been negatively affected by the ability of certain E.U. member states to service their sovereign debt obligations. The continued uncertainty over the outcome of the E.U. governments’ financial support programs and the possibility that other E.U. member states may experience similar financial troubles could further disrupt global markets. In particular, it has and could in the future disrupt equity markets and result in volatile bond yields on the sovereign debt of E.U. members. Any continuing disruption could have a material adverse impact on the Funds’ financial condition and liquidity. On June 23, 2016, the United Kingdom held an “in-or-out referendum” on the United Kingdom’s membership of the E.U., the result of which favored the exit of the United Kingdom from the E.U., commonly known as “Brexit.” The United Kingdom has the largest financial services sector in the E.U. A process of negotiation will determine the future terms of the United Kingdom’s relationship with the E.U. which could take many forms. In the meantime, the United Kingdom remains a member of the E.U. The potential impact of Brexit on the Funds is currently unclear. Depending on the terms of Brexit, economic conditions in the United Kingdom, the rest of the E.U. and global markets may be adversely affected by reduced economic growth and volatility. The uncertainty before, during and after the period of negotiation could also have a negative economic impact and increase volatility in the financial markets, particularly, but not exclusively, in the E.U. This volatility and negative economic impact could, in turn, adversely affect the net asset value, liquidity and trading of the Funds. Further items that may be affected by Brexit may include the passporting of financial services within the E.U. and the ability of the Funds to raise capital from investors within the E.U. It is possible that Brexit will stimulate further calls for referenda and political instability among member states of the E.U. and in the United Kingdom itself with attendant risks.

The resulting uncertainty and market stress, coupled with the sovereign debt crisis, could also cause, among other things, severe disruption to equity markets, significant increases in bond yields generally, potential failure or default of financial institutions, including those of systemic importance, a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession. Many of these effects have already been felt in connection with Brexit, but they could be magnified in the event of further departures from, or a complete breakup of, the E.U.

European Financial Transaction Tax. On February 14, 2013, the E.U. Commission published a proposal for a Council Directive (“Draft Directive”) on a common financial transaction tax (“FTT”) intended to be implemented as of January 1, 2014. Ten E.U. Member States (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia, the “Participating Member States”) are currently participating in the implementation of the FTT.

Pursuant to the Draft Directive the potential scope of application of the FTT was significant. However, whether a party to the sale and purchase of relevant assets will actually be liable to pay the FTT will depend on whether the party is considered to be a “financial institution” which is

established, or deemed to be established, in a Participating Member State. The Draft Directive contains both a definition of a “financial institution” and detailed provisions for determining when a “financial institution” will be deemed to be established in a Participating Member State. By way of example, a “financial institution” would be deemed to be established in a Participating Member State if it were to enter into a sale and purchase of relevant assets with another “financial institution” which is established in that Participating Member State.

The Draft Directive remains subject to negotiation between the Participating Member States. In December 2015 the E.U. Commission announced that the Participating Member States remain committed to the implementation of the FTT. Furthermore, it is understood that the Participating Member States have agreed that the initial scope of the FTT should include shares and certain derivatives, with the possibility to expand its remit at some point in the future.

Prospective Investors are advised to consult their own professional advisers in relation to the FTT; however, it is possible that the FTT may materially impact the implementation of the Funds’ strategy, decreasing profitability or resulting in losses, which may be material.

MiFID II. The E.U. Markets in Financial Instruments Directive (“MiFID”) governs the organized trading of and provision of investment services and activities in relation to financial instruments such as shares, bonds, units in collective investment schemes and derivatives. MiFID is currently being comprehensively revised and replaced by a new Directive and Regulation, collectively referred to as “MiFID II.” E.U. authorities are still in the process of drafting the various “Level 2” measures required to implement MiFID II, and accordingly certain aspects of the MiFID II regime have not yet been finalized. Most of MiFID II’s provisions will, however, become effective on January 3, 2018.

MiFID II contains a mechanism for the European Securities and Markets Authority (“ESMA”) to mandate that certain classes of derivatives may only be traded on E.U. regulated markets, multilateral trading facilities, and organized trading facilities (together, “E.U. trading venues”), and on non-E.U. trading venues declared to be “equivalent” by the European Commission. Once the European Commission has declared a class of derivatives subject to the MiFID II trading obligation, the obligation to trade such derivatives on an E.U. trading venue or equivalent non-E.U. trading venue will apply to financial counterparties and non-financial counterparties above the clearing threshold (as defined in the European Markets Infrastructure Regulation (“EMIR”). This obligation includes situations in which such entities are trading with non-E.U. entities which would be classed as being financial counterparties or non-financial counterparties above the clearing threshold if they were established in the E.U. Thus, non-E.U. counterparties such as the Fund may become indirectly subject to the MiFID II trading obligation where they transact with E.U. counterparties, who will require compliance by non-E.U. counterparties in order to satisfy their own obligations under MiFID II.

MiFID II may result in additional obligations such as the increased testing of algorithms where the Funds transact through E.U. trading venues, and could result in the application of stricter pre-trade controls by both E.U. trading venues and intermediaries providing electronic access to E.U. trading venues. MiFID II also provides for increased obligations applying to entities engaging in high frequency trading and market making activities. The scope of application of these obligations is still unclear, particularly in relation to non-E.U. entities such as the Funds.

To the extent that the Funds trade in commodity derivatives through E.U. trading venues, it could be affected by the MiFID II position limits and position reporting regimes. In particular, position limits will be applied to the size of a net position which a person can hold at all times in commodity derivatives traded on E.U. trading venues and in “economically equivalent” over-the-counter (“OTC”) derivatives. Members and participants of E.U. trading venues will also be required to submit to the trading venue a daily report of their positions in commodity derivatives traded on that trading venue.

It is difficult to predict the full impact of the regulatory developments under MiFID II on the Funds. Prospective investors should be aware that the regulatory changes arising from MiFID II may in due course significantly raise the costs of entering into transactions in derivatives and other financial instruments and may adversely affect the Funds’ ability to engage in such transactions.

European Market Infrastructure Regulation. On August 16, 2012, EMIR (E.U. No. 648/2012) entered into force. EMIR introduced certain requirements in respect of derivative contracts, which apply to varying degrees to entities established in the E.U., regardless of whether they are transacting with counterparties established in the E.U. or outside of the E.U. As such, where the Funds transact with E.U. counterparties, they will likely require the transaction to EMIR-compliant.

Broadly, EMIR’s requirements in respect of derivative contracts are (i) mandatory clearing of OTC derivative contracts declared subject to the clearing obligation; (ii) risk mitigation techniques in respect of uncleared OTC derivative contracts; and (iii) reporting and record-keeping requirements in respect of all derivative contracts. Reporting and certain risk mitigation obligations will apply to transactions between all E.U. and non-E.U. counterparties, whilst the clearing obligation and a more stringent category of risk mitigation obligations will apply to transactions between E.U. counterparties classified as Financial Counterparties (“FCs”) or Non-Financial Counterparties above the clearing threshold (“NFC+s”) where they transact with non-E.U. counterparties that would be classified as FCs or NFC+s if they were established in the E.U..

The E.U. regulatory framework and legal regime relating to derivatives is set not only by EMIR but also by a new Directive and Regulation containing a package of reforms to the existing Markets in Financial Instruments Directive (Directive 2004/39/EC), collectively referred to as “MiFID II.” MiFID II will apply in the E.U. from January 3, 2018. In particular, MiFID II is expected to require transactions between FCs and NFC+s in sufficiently liquid OTC derivatives to be executed on a trading venue which meets the requirements of the MiFID II regime. This trading obligation will also extend to FCs and NFC+s which trade with third country counterparties that would be classed as FCs or NFC+s if they were established in the E.U.

It is difficult to predict the full impact of these regulatory developments on the Funds. Prospective investors should be aware that the regulatory changes arising from EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Funds’ ability to engage in transactions in derivatives.

Operational and Structural Risks

Operational Risks. The strategies employed by Teza Capital on behalf of the Funds are highly dependent on information systems and technology. Any failure or deterioration of these systems or technology due to human error, data transmission failures or other causes could materially disrupt Funds' operations or cause significant or even total losses.

A disaster or a disruption in the infrastructure that supports Teza Capital's business, including a disruption involving electronic communications or other services used by it or third parties with whom it conducts business, or directly affecting one of its offices or facilities, may have a material adverse effect on its ability to continue to operate the business without interruption. There can be no assurance that any backup or contingency measures will be sufficient to mitigate the harm that may result from such a disaster or infrastructure disruption or avoid losses, including total losses. In addition, any applicable insurance coverage and other safeguards might only partially mitigate the effects of such a disaster or disruption.

Teza Capital relies on third-party service providers for certain aspects of its business, including certain financial operations of the Funds. Any interruption or deterioration in the performance of these third parties could impair the quality of the Funds' operations, make it difficult if not impossible to implement its compliance procedures and negatively impact the investment strategies employed by Teza Capital on the Funds' behalf, any of which could lead to a complete loss.

Trading Errors. Teza Capital trades quantitatively, and due to the speed and volume of transactions entered into, as well as possible errors in computer code, software, hardware, and modes of transmission, trades may be executed in error. Many exchanges have adopted "obvious error" rules that prevent the entry and execution of trades more than a specified amount away from the current best bid and offer on the exchange. However, such rules generally will not be in place on the exchanges where Teza Capital trades on behalf of the Funds, and may not be enforced even if in effect. Moreover, such rules would likely not prevent the entry and execution of a trade entered close to the market but at an erroneous size. Any systems trading error (including trading system/computer code malfunctions) or human trading error, or combinations thereof, affecting the Funds that are not due to a breach of Teza Capital's standard of care under the Investment Management Agreement will be for the account of the Funds, which will enjoy the profits or suffer the losses from such trading error.

Markets May Be Illiquid or Disrupted. Most United States futures exchanges limit fluctuations in some futures contract prices during a single day by regulations referred to as "daily limits." During a single trading day no trades may be executed in such contracts at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can be neither taken nor liquidated. Futures prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses. Also, regulators or exchanges may suspend or limit trading. Trading on non-United States exchanges may also be subject to price fluctuation limits and are otherwise subject to periods of significant illiquidity. Trading in the forward currency markets is not subject to daily limits, although such trading is also subject to periods of significant illiquidity.

Suspensions of Trading. For all securities and futures traded on public exchanges, each exchange typically has the right to suspend or limit trading in whole or in part. Such a suspension could render it temporarily impossible for the Funds to liquidate their positions and thereby expose them to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Funds to close out positions.

Manual Trading. Teza Capital may cause the Multi-Strategy Funds to execute manual securities or futures trades with various brokers when it determines that doing so could be beneficial to such Funds. This might occur, for example, if the Multi-Strategy Funds intend to place a block trade that could receive preferential pricing through a broker. All such actions are subject to human error, which could have a material adverse effect on the performance of such Funds.

Currency Hedging. Certain Funds may issue classes denominated in non-U.S. dollar currencies, and Teza Capital may engage in hedging transactions, with respect to currency exchange risk, on behalf of such classes, at either the Feeder Fund level or the Master Fund level. There can be no assurance that any hedging transactions will be successful, and there are transaction costs associated with such hedging, which will be borne by the relevant classes.

Non-U.S. currency hedging is a trading strategy that is effected through the use of derivatives, and, to the extent hedging transactions take place at the Master Fund level, the applicable Master Fund will be required to settle trading losses on those derivatives, regardless of the liquidity of such Master Fund's investment portfolio. There are several methods that a Fund can use to ensure that it has sufficient liquidity to satisfy such trading losses and/or meet margin calls. First, a significant portion of the portfolio can be kept in cash to settle any hedging losses. However, holding cash dilutes a Fund's returns from investments. Second, a Fund can invest in strategies that are more liquid. This would allow Teza Capital to liquidate positions as necessary to satisfy losses on currency hedging transactions, if necessary and as needed. However, if the Fund's investments suffer losses, then the assets invested in this structure may not be available to settle hedging losses. Investors should also recognize that to the extent investments are liquidated to satisfy losses on hedging transactions, the most liquid investments are most likely to be liquidated. Thus, satisfying hedging transaction losses will likely result in a less liquid portfolio for the Fund. Third, a Fund can seek to obtain a credit facility that can be drawn on in connection with its currency hedging activities, including among other things, to settle hedging losses. However, there can be no assurance that the credit facility provider will maintain the facility indefinitely, will not refuse a draw request, or will not itself fail, resulting in the loss of the credit line.

If the losses being incurred under an outstanding hedging transaction risk putting a Fund in breach of that hedging transaction, the hedging transaction counterparty or broker, or Teza Capital itself, may determine that the hedging transaction must be liquidated in order to protect the relevant class from defaulting on its non-U.S. currency hedging contracts or causing termination events under those contracts or other counterparty relationships.

Creditors of a Fund may, absent contrary contractual provisions, enforce claims against all assets of such Fund, even if the creditors' claims relate to shares corresponding to a single class or series, because classes and series are not separate legal entities. Therefore, in the unlikely event of a deficit in Fund shares corresponding to one class or series, assets corresponding to another class or series will be available to cover the deficit. As a result, if Fund shares corresponding to non-

U.S. dollar denominated shares of such Fund experience losses that deplete the assets of the relevant class, those losses may be offset against shares corresponding to U.S. dollar interests or other non-U.S. dollar denominated interests (as applicable).

Dependence on Key Individuals; Reliance on Teza Group LLC. Teza Capital is dependent on the services of its founder and chief executive officer, Dr. Misha Malyshev, as well as its key portfolio managers and other top personnel. The loss of the services of one or more of such persons, such as Dr. Malyshev, could result in the dissolution of Teza Capital as well as the Funds. While Teza Capital is not dependent on the services of any other individual to the extent that Teza Capital is dependent on Dr. Malyshev, the loss of the services of certain other Teza Capital personnel would adversely affect Teza Capital and the Funds.

Moreover, Teza Capital is dependent on the services of personnel of Teza Group, including not only programmers and portfolio managers, but also middle- and back-office personnel, such as financial, operations, legal and compliance professionals. The services of these personnel are provided pursuant to a services agreement between Teza Group and Teza Services, which is subject to termination by Teza Group. Any such termination of this services agreement would likely have a material adverse effect on the Funds.

The personnel provided to Teza Services may also have significant responsibilities for proprietary trading, including Teza Capital's trading on behalf of the Proprietary Vehicle. As a result, these professionals would be subject to a conflict of interest in that they work on both proprietary trading as well as that of the Funds, and may have an incentive to favor one over the other. The "dual hatting" of these professionals also creates other operational issues as such personnel may have insufficient time, ability or support to fulfill their obligations or may not have sufficient expertise in one or the other parts of Teza Capital's and its affiliates' business to effectively perform their assigned functions.

Moreover, the loss of the services of these professionals could negatively affect not only the Funds, but also negatively affect Teza Group, which would in turn have a negative effect on the Fund in that Teza Services is dependent on the services of, and therefore success of, Teza Group.

The Funds will utilize services, facilities and personnel of affiliated companies, including Teza Technologies LLC which may experience a variety of different risks. Teza Capital may not always have complete access to such services and support notwithstanding the agreements between Teza Capital and Teza Group.

Third-Party Transition Services Agreement. Teza recently sold a substantial portion of its proprietary trading business (the "Sold Business"), including certain strategies previously implemented by Teza Capital on behalf of the Proprietary Vehicle, to a third party (the "Acquiror"). In connection with this transaction, certain Teza employees became employees of the Acquiror. Further, certain assets, including intellectual property, contracts and hardware associated with Teza's proprietary trading business, were transferred to the Acquiror. Teza retained the core intellectual property, assets and personnel related to Teza Capital's management of the Funds; however, certain assets (and personnel) transferred to the Acquiror were used for both Teza's proprietary and investment advisory businesses. In an effort to ensure operational continuity following this transaction, Teza and the Acquiror entered into a transition services

agreement pursuant to which the Acquiror will provide Teza—including Teza Capital—with certain technical operations, development, connectivity and infrastructure services for a limited transition period. In addition, Teza will provide certain network connectivity, technical operations and development services to the Acquiror in respect of the Sold Business during this transition period. Teza Capital believes this arrangement will permit it to provide services to the Funds consistent with the manner in which it has done so to date. However, there can be no assurance that the level of services provided by the Acquiror will meet Teza’s expectations or that Teza’s resources will remain sufficient for its continuing businesses, including Teza Capital’s management of the Funds. The arrangement with the Acquiror is also subject to the risks inherent in any third-party service provider relationship, and any early termination of, or disruption in, the services provided by the Acquiror would likely have a material adverse effect on Teza Capital and, accordingly, the Funds.

Third-Party, Counterparty and Agent Risks

Service Provider and Counterparty Risk. Institutions, such as banks, brokers and administrators have custody of the Funds’ assets. The Funds are subject to the risk that these firms and other brokers, counterparties, clearinghouses or exchanges with which the Funds deal may default on their obligations to the Funds. Any default by any of such parties could result in material losses to the Funds. Bankruptcy or fraud at one of these institutions may cause the Funds to lose all or a portion of the assets held by those custodians or to be unable to access those assets for an extended period of time. For instance, in September of 2008, the bankruptcy of certain Lehman Brothers subsidiaries resulted in certain investment funds being unable to access their cash or securities. The Funds attempt to limit their brokerage and custody transactions to well-capitalized and established banks and brokerage firms in an effort to mitigate these risks, and Teza Capital monitors its counterparty credit risk during times of market stress. Unlike members of “exchange-based” markets, the participants in those markets are typically not subject to credit evaluation and regulatory oversight. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. This counterparty risk is accentuated for contracts with longer maturities or that have greater volatility if, as is typically the case, there is no requirement for the counterparty to make mark-to-market payments, exposing the Funds to large counterparty obligations. The risk of a large loss may be greater if a Fund has concentrated its transactions with a single or small group of counterparties, but transacting with many counterparties likely increases its risk of incurring some loss (albeit a smaller loss). The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of the financial capabilities of counterparties, and the absence of a regulated market to facilitate settlement increases the risk to the Funds. Even in the exchange-traded markets, the Funds are subject to the risk of failure of exchange clearinghouses. The events at Refco, Inc. (“Refco”), MF Global Inc. (“MF Global”), Bear Stearns & Co., Inc., Lehman Brothers and American International Group, Inc. have demonstrated the extent to which investors, especially investors trading with leverage or that have otherwise posted substantial collateral with counterparties, are exposed to counterparty risk. In particular, it appears that many clients of both Refco and MF Global believed that their funds on deposit to support their trading

had the benefit of customer protected “segregation” when this was not necessarily the case. In addition, it is alleged that MF Global used customer funds in an attempt to generate more profit for MF Global but instead resulted in the bankruptcy of MF Global and also the alleged loss of a significant amount of customer funds.

While Dodd-Frank is intended to bring more stability and lower counterparty risk to derivatives markets by requiring exchange clearing of derivatives trades, not all of the Funds’ trades will be subject to the clearing requirements once they generally become effective, either because the trades are grandfathered or because they are bespoke. Furthermore, it is yet to be seen whether Dodd-Frank will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons.

The Funds’ cash and investments are held with third party custodians, banks and broker-dealers. Bankruptcy or fraud at any of these third parties could impair the operational capabilities or the capital position of the Funds.

Failure of Brokerage Firms and Forward Market Participants. The Commodity Exchange Act (“CEA”) requires a clearing broker to segregate all funds received from such broker’s customers in respect of futures (but not forward) transactions from such broker’s proprietary funds. If any of the Funds’ commodity brokers were not to do so to the full extent required by law, or in the event of a substantial default by one or more of such broker’s other customers, the assets of the Funds might not be fully protected in the event of the bankruptcy of such broker. Furthermore, in the event of such a bankruptcy, the Funds would be limited to recovering only a *pro rata* share of all available funds segregated on behalf of the affected commodity broker’s combined customer accounts, even though certain property specifically traceable to the given Fund (for example, United States Treasury bills or cash deposited by the Fund with such broker) was held by such broker. Commodity broker bankruptcies have occurred in which customers were not able to recover from the broker’s estate the full amount of their funds on deposit with such broker and owing to them, and it is possible in a commodity broker bankruptcy that customers recover nothing. Commodity broker bankruptcies are not insured by any governmental agency, and investors would not have the benefit of any protection such as that afforded customers of bankrupt securities broker-dealers by the Securities Investors Protection Corporation.

In respect of any forward trading, the Funds are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals or agents with or through which the Funds trade. Any failure or refusal to discharge their contractual obligations by the counterparties with which the Funds may deal on the forward markets, whether due to insolvency, bankruptcy or other causes, could subject the Funds to substantial losses. The Funds may not be excused from performance under any forward contracts into which it has entered due to defaults under other forward contracts which in Teza Capital’s strategy were to have substantially “covered” the former. The Funds deal in the forward markets only with major financial institution counterparties which the Manager considers to be creditworthy. However, defaults have occurred in the forward markets, and the risk of such defaults cannot be eliminated from the Funds’ trading. Moreover, recent events have demonstrated that even major financial institutions with which the Funds may deal in the forward markets may fail, potentially resulting in losses to the Funds.

Regulatory and Compliance Risks

Increased Regulatory Scrutiny of the Quantitative Trading Industry. Electronic, automated and/or algorithmic trading strategies continue to be the focus of extensive regulatory scrutiny by federal, state and foreign regulators, self-regulatory organizations and media outlets (including in the popular press), and such scrutiny is likely to continue. As compared to certain other pooled investment vehicles, such as mutual funds, the quantitative trading industry operates in a relatively unregulated environment. Teza Capital believes it likely that the quantitative trading industry will be subject to more restrictive rules and regulations in the future. Due to the algorithmic nature of Teza Capital's trading, the investment strategy employed on behalf of a Fund likely will be particularly sensitive to any change in regulation that affects clearing or execution, market access, technological systems or other factors typically associated with the quantitative trading industry. As a result, any change in regulation could negatively impact Teza Capital's trading strategy, make it impractical to implement the Funds' strategy and/or result in material, or even total, losses to the Funds.

While the Funds do not intend to engage in a trading strategy where all or substantially all of their trades are held for very short periods (*i.e.*, seconds) and placed in substantial volumes, the Funds' trading activities are characterized by quantitative, algorithmic-based trading in substantial volumes with an emphasis on technology and certain other characteristics. Further, for its proprietary accounts, Teza Group does implement trading strategies, through its affiliates, that do in fact hold positions for very short periods of time in substantial volumes. It is possible that Teza Group and Teza Capital could come under regulatory scrutiny, which may cause it to cease or materially alter operations or require it to devote substantial resources in terms of money and time to addressing such scrutiny even if no adverse regulatory action is taken. As a result, Teza Capital may experience difficulties in raising capital for the Funds, increased regulatory attention on the activities of the Funds and increased costs and expenses related to the operation of the Funds, all of which could negatively impact the business, financial condition and results of operations of the Funds and Teza Capital.

Regulators have recently shown substantial interest in quantitative trading, including high speed trading, co-location arrangements, market data latencies and undisplayed or "dark" liquidity, including (but not limited to) the following:

In a June 2014 speech, SEC Chairman Mary Jo White announced her intention to increase oversight and market regulation of computer-driven trading, including her intention to require such traders to register with the SEC as broker-dealers and, in some cases, become members of the Financial Industry Regulatory Authority ("FINRA"). Ms. White further directed the SEC staff to attempt to develop rules that would prevent traders from engaging in short-term strategies that could have the effect of disrupting markets and increasing order volatility. Any of these changes, if implemented, could have an adverse effect on the ability of Teza Capital to implement its investment strategies on behalf of the Funds.

The SEC adopted Regulation SCI late 2014, which requires key market participants to have comprehensive policies and procedures in place regarding their technical systems. Regulation SCI further requires certain self-regulatory organizations, alternative trading systems, plan processors and exempt clearing agencies to design, develop, test, maintain and surveil systems that are integral

to their operations. Regulation SCI is intended to address the increased use of technology in securities trading and routing, however any additional requirements or changes to the technical systems of the parties subject to Regulation SCI could impact the profitability of Teza Capital's trading strategies, perhaps in a materially adverse manner.

FINRA has expressed its concern that the recent number of algorithmic trading malfunctions present reputational risks to the trading firms and risks to the integrity of the U.S. markets. FINRA further expressed its intent to employ a dual strategy of examinations and targeted investigations to assess the adequacy of member firms' testing and controls related to high-frequency trading and algorithmic trading strategies. Although Teza Capital is not a member of FINRA as of the date of this filing, FINRA's examination priorities could impact the algorithmic and quantitative industry in general, which could have an adverse effect on the performance of the Funds.

On November 4, 2016, the CFTC approved a supplemental proposal to amend a previously proposed rulemaking designed to address various issues relating to algorithmic trading in U.S. futures markets ("Regulation AT"). Regulation AT, as proposed, seeks to address algorithmic commodities trading by requiring the registration of entities engaged in algorithmic trading using direct electronic access as well as standardizing and mandating pre-trade risk controls, trade reporting and other transparency measures. Implementation of Regulation AT, or any additional restrictions by the CFTC, could have an adverse effect on the performance of the Funds.

Regulatory action in these areas by the SEC, CFTC or any non-U.S. regulator or governmental agency, may result in increased regulatory burdens, and attendant expenses, as well as increased latency, and may render certain strategies employed by Teza Capital impractical or impossible to implement, which in turn, could materially, adversely affect the profitability of the Funds.

Forwards, Swaps and Other Derivatives are Subject to Varying CFTC Regulation. Enacted in July 2010, Dodd-Frank includes provisions that comprehensively regulate the OTC derivatives markets for the first time. These regulations largely relate to swaps but aspects of them may also apply to certain forwards that are characterized as swaps. Dodd-Frank requires that a substantial portion of OTC derivatives must be executed in regulated markets and submitted for clearing to regulated clearinghouses. OTC trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as possible CFTC-mandated margin requirements. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers' trades instead of using such margin in their operations, as was widely permitted before Dodd-Frank. This has and will continue to increase the dealers' costs, which costs are generally passed through to other market participants in the form of new and higher fees, including clearing account maintenance fees, and less favorable dealer marks.

The CFTC also now requires certain derivative transactions that were previously executed on a bilateral basis in the OTC markets to be executed through a regulated futures or swap exchange or execution facility. The SEC is also expected to impose similar requirements on certain security-based derivatives in the near future, though it is not yet clear when these parallel SEC requirements will go into effect. Such requirements may make it more difficult and costly for investment funds, including the Funds, to enter into highly tailored or customized transactions. They may also render

certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. If a Fund decides to execute derivatives transactions through such exchanges or execution facilities—and especially if it decides to become a direct member of one or more of these exchanges or execution facilities—such Fund would be subject to the rules of the exchange or execution facility, which would bring additional risks and liabilities, and potential requirements under applicable regulations and under rules of the relevant exchange or execution facility.

Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The global financial markets have in the past few years gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action - these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

Dodd-Frank, enacted in response to financial crisis of 2008-2009, established a comprehensive framework for the regulation of markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Dodd-Frank and regulations adopted pursuant to Dodd-Frank could have a material adverse impact on the profit potential of the Funds.

The “Volcker Rule” component of Dodd-Frank materially restricts proprietary speculative trading by banks, “bank holding companies” and other regulated entities. As a result, there has been a significant influx of new portfolio managers into private investment funds who had previously traded institutional proprietary accounts. Such influx can only increase the competition for the Funds from other talented portfolio managers trading in the Fund’s investment sector.

Government Intervention in the Credit Markets. The central banks and, in particular, the U.S. Federal Reserve, have recently taken unprecedented steps in an effort to resolve the recent “credit crisis.” It is impossible to predict if, how, and to what extent the United States and other governments may further intervene in the credit markets.

Risks Relating to Absence of Statutory Regulation. The Feeder Funds and the Master Funds are not registered under the Investment Company Act. Investors, therefore, will not be accorded the protective measures resulting from registration under such legislation. The Funds will trade on certain non-U.S. securities and futures exchanges as well as over-the-counter markets. Such exchanges and markets are not subject to regulation by any U.S. governmental agency and, accordingly, the protections afforded by such regulation are not available to such investments. Interests are not insured or guaranteed by the United States Federal Deposit Insurance Corporation or any other governmental agency. Interests are not deposits or other obligations of any bank or other financial institution, and are not guaranteed by any bank or other financial institution.

Regulatory Change. The regulation of the U.S. and other non-U.S. securities and futures markets and of private investment funds such as the Funds has undergone substantial change in recent years, and such change is expected to continue for the foreseeable future. The effect of regulatory or tax change on the Funds, while impossible to predict, could be substantial and adverse. As noted above, Teza Capital's Models are particularly sensitive to regulatory change or increases in costs (such as taxes), which could further exacerbate potential losses to the Funds.

The above description is a non-exhaustive representation of the material risks associated with Teza Capital's investment strategies. Investors should refer to the applicable offering memorandum for a more comprehensive description of the various risks.

ITEM 9. DISCIPLINARY INFORMATION

There are no material civil, criminal, regulatory or administrative proceedings, actions or investigations pending against Teza, Dr. Malyshev or other Teza principals and employees, to the best of our knowledge.

From July 2009 to April 2012, Dr. Malyshev and Teza were involved in a number of disputes related to Dr. Malyshev's departure from Citadel and his formation of Teza. All such disputes have been resolved. On July 9, 2009, Citadel LLC (formerly known as Citadel Investment Group LLC, "Citadel") brought a civil action against Dr. Malyshev, Teza Technologies LLC and other related parties in the Circuit Court of Cook County, Illinois (the "State Court Matter"). Citadel also brought claims in a confidential arbitration against Dr. Malyshev and others for the same conduct underlying the State Court Matter.

On October 16, 2009, the Circuit Court issued an order enjoining Dr. Malyshev and Teza from operating for a period of approximately one month on a non-compete claim. During the State Court Matter, Dr. Malyshev was individually sanctioned for discovery violations relating to the proceeding. He was ordered to pay Citadel's legal fees as well as a penalty, which obligations have been discharged. Dr. Malyshev was also acquitted of perjury charges relating to these sanctions as a result of a directed verdict during a bench trial in the Circuit Court on April 12, 2012. The arbitration, which is subject to a confidentiality agreement, was concluded in February 2011, with no further claims remaining.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Teza Capital is registered with the CFTC as a commodity pool operator and a commodity trading advisor and is a member of the NFA in such capacities. Teza Capital employs certain management personnel that are registered with the NFA as associated persons and principals.

Teza Capital is under common control with Teza Group. Teza Group, through its affiliates, is a technology-driven global quantitative proprietary trading firm. Teza Group is primarily engaged in trading its own proprietary capital. Teza Capital also implements certain strategies on behalf of the Proprietary Vehicle that were previously implemented by Teza Group and its affiliates. The Funds will not share in the risks or rewards of such other ventures, and Teza Capital and its affiliates may have a strong incentive to focus its efforts on managing proprietary capital, including through the Proprietary Vehicle, rather than managing the Funds. If and to the extent that such proprietary trading requires more resources or personnel, Teza Capital's management of the Funds could suffer. Teza Capital has addressed these conflicts by adopting overall standards, policies and training designed to ensure that the interests of the Funds are put ahead of those of such proprietary trading. Teza Capital also maintains quantitative development, databases, data management and order generation and execution message paths for the Funds that are separate from those used in respect of such proprietary trading.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Teza Capital has adopted a Code of Ethics (the “Code”) pursuant to SEC rule 204A-1. The Code, along with other policies and procedures, is designed to obligate Teza Capital and its employees to put the interests of the Funds before their own interests. Teza Capital will provide a copy of the Code to any Client or prospective Client or Investor or prospective Investor in a Fund upon request.

Teza Capital’s Code contains policies and procedures intended to ensure that personal securities trading by Teza Capital employees is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. Among other things, the Code requires Teza Capital and its employees to act in clients’ best interests, abide by all applicable regulations, and avoid even the appearance of insider trading. More specifically, the Code prohibits an employee from trading in personal accounts without disclosing such accounts, engaging in trading while in possession of material non-public information or in contravention of high ethical standards, and trading in limited offerings (e.g., initial public offerings) .

The Code prohibits Teza Capital employees from engaging in automated and very short term trading activity, including a 30-day hold requirement. The Code prohibits investment in new issues (e.g., initial and secondary public offerings), prohibits an employee from participating in a limited offering without the prior written approval of the Chief Compliance Officer, and requires automatic duplicate reporting of employees’ personal securities transactions and holdings. Employee trading is reviewed with particular emphasis on reviewing short-term trades for the appearance of impropriety. In addition, the Code requires prompt internal reporting of violations thereof to regulatory authorities. The Code also requires employees to complete periodic training and account attestations.

As disclosed above, Teza Group, an affiliate of Teza Capital, is a proprietary trading firm, and Teza Capital serves as investment manager to the Proprietary Vehicle. As such, Teza Group and its affiliates, as well as Teza Capital on behalf of the Proprietary Vehicle, are actively engaged in transactions in the same securities and other instruments in which the Funds may invest. Teza Group and its affiliates, and Teza Capital with respect to its management of the Proprietary Vehicle’s investments, are not under any obligation to share any investment opportunity, idea, or strategy with the Funds. Teza Group and its related persons, as well Teza Capital on behalf of the Proprietary Vehicle, may, and likely will, independently trade in the same instruments and markets for its own accounts that Teza Capital also independently trades on behalf of the Funds; and in doing so may, and likely will, take positions opposite to, or ahead of, those held by the Funds or may be competing with the Funds for positions in the marketplace. However, Teza Capital has taken steps to separate the technical aspects of the business attributable to Teza Group, its related persons and the Proprietary Vehicle, on the one hand, and the Funds, on the other hand. ***Investors should refer to the applicable offering memorandum for a more comprehensive description of the conflicts of interest associated with the proprietary trading of Teza Capital and its affiliates.***

ITEM 12. BROKERAGE PRACTICES

Teza Capital is authorized to determine the broker or dealer to be used for each transaction on behalf of the Funds. In selecting brokers and determining commission rates, Teza Capital takes into account best execution. In selecting the brokers for a Fund, Teza Capital considers such factors as execution capability, research quality, commissions and pricing, block trading coverage for a particular security, effective communications, ability to position the proposed trade (*e.g.*, trading odd lots), distribution and underwriting capabilities, use of electronic efficiencies, ability to settle trades efficiently, financial stability, ancillary services and general reputation. In general, the primary criteria Teza Capital considers in selecting brokers are creditworthiness and efficiency of trade execution. If Teza Capital determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage, research products or investment management services and products provided by such broker, a Fund may pay commissions to such broker in an amount greater than the amount another broker might charge.

Consistent with seeking best execution, Teza Capital may direct transactions for a Fund to executing brokers in return for research or brokerage services furnished by the broker-dealer to Teza Capital. Selecting an executing broker in recognition of such research or brokerage services, rather than on the basis of simple transaction execution, is known as paying for those services with “soft dollars.” Teza Capital does not currently expect to make any material use of soft dollar research. If Teza Capital makes any material use of soft dollar research in the future, such research and other brokerage services or products received by Teza Capital generally will be used to service all of Teza Capital’s clients, and therefore a Fund may not, in any particular circumstance, be the direct or indirect beneficiary of such brokerage services or products. In addition, it is possible that brokerage commissions paid by a Fund may be used to pay for research or services that are not used in managing such Fund. In some cases, the soft dollars paid to an executing broker for a Fund may be greater than the commissions that are charged by another broker that does not provide soft dollar research or services to Teza Capital. Because many brokerage soft dollar products or services could be considered to provide a benefit to Teza Capital, and because the soft dollars used to acquire them are the assets of the Funds, Teza Capital has a conflict of interest in allocating the Funds’ brokerage business.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” to investment managers who use soft dollars. Conduct outside of the safe harbor afforded by Section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. It is Teza Capital’s policy to limit its use of soft dollars to arrangements falling within the safe harbor of Section 28(e). Only bona fide research and brokerage products and services that provide assistance to Teza Capital in the performance of its investment decision-making responsibilities are permitted and any allocation of brokerage commissions will be reasonable in relation to the research, services or products provided. Teza Capital does not use brokerage in exchange for client referrals nor does it participate in “directed brokerage.”

Teza Capital pays bundled commission rates and receives research and brokerage services provided by many of its executing and prime brokers. Teza Capital need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Commission rates are generally negotiable, and selecting brokers on the basis of considerations that are not limited to commission rates may result in higher transaction costs than would otherwise be

obtainable. Brokers may provide research and brokerage services directly or by paying service providers engaged by Teza Capital. In addition, Teza Capital may, subject to its best execution policy, trade with certain brokers primarily in consideration for providing research services. In any such case Teza Capital will determine in good faith that the amount of commissions charged is reasonable in relation to the value of the brokerage and research products or services provided by the broker.

Teza Capital may, but is not obligated to, enter into arrangements under which certain direct expenses of a Fund are paid with soft dollars. Teza Capital will enter into such arrangements where it believes that it is administratively or operationally expedient to do so or where they are more favorable to such Fund than an arrangement under which the Fund pays for the products or services in question with cash. However, such arrangements make it more difficult for Investors to evaluate the cost structure of such Fund because the costs of such products or services are not broken out separately.

In addition to any soft dollar arrangements that Teza Capital enters into with brokers, brokers may provide certain research or other products or services to all of their customers, including Teza Capital, without being requested to do so. Teza Capital may take advantage of the products or services provided rather than producing or paying for them from another provider. In these situations Teza Capital receives a benefit because it does not have to pay for the products or services, such as research.

Teza Capital assumes no responsibility for the actions or omissions of any broker or dealer selected by Teza Capital in good faith.

Although in securities trading, the brokerage and other transaction costs negotiated by an advisor for its clients are subject to the principle of best price and execution, as described above, no such requirement applies in futures and forward trading, in which the transaction charges are entirely a matter of negotiation. The brokerage commission rates charged to a Fund may vary significantly. Futures and forward charge negotiations typically involve Teza Capital and the clearing brokers analyzing how frequently Teza Capital trades and then “backing into” a per-trade commission figure which generates sufficient revenues for the clearing brokers. Brokerage commissions vary depending on a Fund’s volume of trading, whether the trading is done on electronic exchanges, and other considerations. In addition, Teza Capital in its discretion may cause a Fund to execute its trades on an average price basis.

Notwithstanding a Fund’s indirect exchange memberships, Teza Capital may cause a Fund to execute manual securities or futures trades with various brokers when it determines that doing so could be beneficial to such Fund. This might occur, for example, if a Fund intends to place a block trade that could receive preferential pricing through a broker.

Teza Capital currently aggregates sale and purchase orders of securities held by certain Funds with similar orders being made simultaneously for other accounts. In the future, Teza Capital also expects to aggregate sale and purchase orders of futures held by a given Fund with similar orders being made simultaneously for other accounts if, in Teza Capital’s reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to the given Fund based on an evaluation that the given Fund is benefited by relatively better purchase or sale prices, lower

commission expenses or beneficial timing of transactions, or a combination of these and other factors. In many instances, the purchase or sale of futures for a given Fund will be effected simultaneously with the purchase or sale of like futures for other accounts. Such transactions will be allocated in accordance with Teza Capital's systematic allocation methodology, which is intended to ensure that allocations are made in a fair and equitable manner. Such transactions may be made at different prices, due to the volume of futures purchased or sold. In such event, the average price of all futures purchased or sold in such transactions will be determined, and a given Fund will be charged or credited, as the case may be, the average transaction price. However, the commissions charged to a given Fund may differ from those charged to other clients of Teza Capital as a result of those clients' specific arrangements with the applicable futures commission merchant and/or exchange memberships. However, the aggregation of futures orders is not expected to adversely affect the given Fund's own exchange pricing or latency in trading.

ITEM 13. REVIEW OF ACCOUNTS

Teza Capital's portfolio manager and other senior personnel regularly reviews the Funds' accounts. The nature of the review involves, but is not limited to, analyzing certain performance and risk measures.

Investors will receive written monthly unaudited performance information and quarterly investment letters, and will be provided annually with a copy of the Schedule K-1 (for domestic partnerships only) and audited year-end financial statements for the applicable Fund. The Funds will use reasonable best efforts to provide audited financial statements within 120 days of year-end.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Teza Capital, or a related person, may directly or indirectly compensate certain person(s) who is not a supervised person for investor referrals. These are typically compensation arrangements involving placement agents referring investors to the Funds. Placement agents may receive, in respect of investors introduced to a Fund, an upfront commission equal to a percentage of the amount invested in the Fund by any such investor in addition to any ongoing share of Teza Capital's fees and allocations. These placement fees will be paid upon subscription and will be in addition to, not a deduction from, the subscription amount. Any placement fee may be waived or reduced in respect of any particular investor without thereby entitling any other investor to a similar waiver or reduction.

Other than the previously described "soft dollars" (see "Brokerage Practices" above) that Teza Capital may receive from broker-dealers, Teza Capital does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

ITEM 15. CUSTODY

Under Rule 206(4)-2 of the Investment Advisers Act of 1940, Teza Capital or, in respect of the onshore Feeder Funds, Teza GP LLC (“Teza GP”), the general partner of such onshore Feeder Funds, are deemed to have custody of the securities and other assets of each Fund even though neither Teza Capital nor Teza GP physically holds the securities and other assets, and such securities and assets are not held or registered in Teza Capital’s or Teza GP’s name. Teza Capital and Teza GP are exempt from many of the provisions of Rule 206(4)-2 because each Fund is audited in accordance with U.S. generally accepted accounting principles on an annual basis by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Audited financial statements are distributed to each Investor within 120 days of the end of each fiscal year.

ITEM 16. INVESTMENT DISCRETION

Teza Capital has discretionary investment authority over each of the Funds pursuant to a grant of authority in the Funds' governing documents. Investors in the Funds cannot impose any restrictions on Teza Capital's investment discretion over the Funds.

ITEM 17. VOTING CLIENT SECURITIES

Teza Capital has authority to vote the Funds' securities. The Funds may not direct their votes in a particular proxy solicitation.

Teza Capital maintains proxy voting policies and procedures designed to act in the best interest of the Funds. If a material conflict of interest exists between Teza Capital and the Funds, Teza Capital will determine whether voting in accordance with these policies and procedures is in the best interest of the Funds or take some other appropriate action.

Teza Capital does not expect to engage in proxy voting activities because it is unlikely that Funds will own or maintain material amounts of applicable securities of the issuer subject to the proxy. The Multi-Strategy Funds' equities trading is based on statistical arbitrage. Accordingly, voting on corporate governance matters is not a factor in the purpose of the trade, and the applicable Fund's aggregate interest in any company will generally be non-material. In addition, the administrative cost of voting large numbers of different securities, each with low ownership amounts, is not expected to be of value to the Funds.

Information regarding the proxy voting policies and procedures are available to investors upon request.

ITEM 18. FINANCIAL INFORMATION

This Item is not applicable. Teza Capital has never filed for bankruptcy and is not aware of any financial condition that is expected to impair its ability to meet contractual commitments to the Funds.